



Testimony – House Judiciary Committee  
Senate Bill 269  
Sponsor: Senator Tonya Schuitmaker  
March 22, 2012

Good morning and thank you for the opportunity to speak in support of this bill today. My name is Sara Dolan and I am the Vice President of Finance and Adjustments at Michigan State University Federal Credit Union. MSU Federal Credit Union is a \$2.2 Billion credit union serving 168,000 members, of which more than 130,000 live and work in the State of Michigan.

As we all know, Michigan is facing economic conditions that have created financial difficulties for businesses and individuals over the past four years. These difficulties have caused an increase in the number of cases filed in district court to recover amounts owed to financial institutions and other businesses. The cases filed rarely involve disputed facts or complicated legal issues but still take up valuable space on the docket that could be put to better use on more complicated issues.

MSU Federal Credit Union has cases heard in small claims court on a weekly basis, and in 2011 spent approximately \$25,000 in filing fees. Most of these resulted in consent judgments under which the Credit Union was able to make arrangements with members who had not responded to collection efforts. In comparison, the Credit Union spent just under \$200,000 in 2011 on legal fees to pursue balances between the current \$3,000 threshold and the proposed \$8,000 threshold. There were no significant differences between these accounts and those heard in small claims court, other than the dollar amount. As a member-owned, nonprofit cooperative financial institution, the Credit Union's goal is to provide affordable credit; these fees and losses adversely impact this goal.

Because of this, we are asking that the small claims court threshold be increased from \$3,000 to \$8,000. The small claims court setting provides a more affordable solution to both parties and, in my experience, a less formal setting in which the borrower and creditor are more likely to reach a mutually agreeable solution.

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